

DRAFT
CONSULTANT SERVICES AGREEMENT
BETWEEN THE CITY OF SUNNYVALE AND MATRIX CONSULTING GROUP
TO CONDUCT AN OPTIMUM STAFFING STUDY OF
THE SUNNYVALE DEPARTMENT OF PUBLIC WORKS

THIS AGREEMENT dated _____ is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and MATRIX CONSULTING GROUP, a California corporation ("CONSULTANT").

WHEREAS, CITY is in need of specialized services in relation to conducting an Optimum Staffing Study of CITY's Department of Public Works; and

WHEREAS, CONSULTANT possesses the skill and expertise to provide the required services;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Services by CONSULTANT

CONSULTANT shall provide services in accordance with Exhibit "A" attached and incorporated by reference. CONSULTANT shall determine the method, details and means of performing the services.

2. Time for Performance

The term of this Agreement shall be from the date of Agreement execution through completion of all services set forth in Exhibit "A", unless otherwise terminated.

3. Duties of CITY

CITY shall supply any documents or information available to City required by CONSULTANT for performance of its duties. Any materials provided shall be returned to CITY upon completion of the work.

4. Compensation

CITY agrees to pay CONSULTANT a fixed fee of Ninety Thousand and no/100 Dollars (\$90,000.00). CONSULTANT shall submit invoices to CITY no more frequently than monthly for services performed during the previous month. Payment will be made within thirty (30) days of receipt of an accurate, itemized invoice by CITY's Accounts Payable Unit.

5. Ownership of Documents

CITY shall have full and complete access to CONSULTANT's working papers, drawings and other documents during progress of the work. All documents of any description prepared by CONSULTANT shall become the property of the CITY at the completion of the project and upon payment in full to the CONSULTANT. CONSULTANT may retain a copy of all materials produced pursuant to this Agreement.

6. Conflict of Interest

No officer or employee of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement CONSULTANT shall not accept employment or an obligation which is inconsistent or incompatible with CONSULTANT's obligations under this Agreement.

7. Confidential Information

CONSULTANT shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which CONSULTANT may become aware in the performance of its services.

8. Compliance with Laws

- (a) CONSULTANT shall not discriminate against any employee or applicant for employment because of race, religion, creed, color, national origin, gender, age (persons 40 years or older), disability, or any other basis to the extent prohibited by federal, state, or local law. All employees of CONSULTANT shall be treated during employment without regard to their race, creed, color or national origin.
- (b) CONSULTANT shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

9. Independent Contractor

CONSULTANT is acting as an independent contractor in furnishing the services or materials and performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONSULTANT. CONSULTANT is responsible for paying all required state and federal taxes.

10. Indemnity

CONSULTANT shall indemnify, defend, and hold harmless the CITY, its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the services described in Exhibit "A", caused in whole or in part by any negligent act or omission of CONSULTANT, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of the CITY.

11. Insurance

CONSULTANT shall take out and maintain during the life of this Agreement policies of insurance as specified in Exhibit "B" attached and incorporated by reference, and shall provide all certificates or endorsements as specified in Exhibit "B."

12. CITY Representative

Karen Miller, as the City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

13. CONSULTANT Representative

Richard Brady, President, shall represent CONSULTANT in all matters pertaining to the services and materials to be rendered under this Agreement; all requirements of CONSULTANT pertaining to the services or materials to be rendered under this Agreement shall be coordinated through the CONSULTANT representative.

14. Notices

All notices required by this Agreement shall be in writing, and shall be personally delivered, sent by first class with postage prepaid, or by sent by commercial courier, addressed as follows:

To CITY: Karen Miller
Department of Finance
CITY OF SUNNYVALE
P. O. Box 3707
Sunnyvale, CA 94088-3707

To CONSULTANT: Richard Brady, President
MATRIX CONSULTING GROUP
2470 El Camino Real, Suite 210
Palo Alto, CA 94306

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by telephone or facsimile transmission, to accomplish timely communication. However, to constitute effective notice, written confirmation of a telephone conversation or an original of a facsimile transmission must be sent by first class mail or commercial carrier, or hand delivered. Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of two days after mailing, unless such date is a date on which there is no mail service. In that event communication is deemed to occur on the next mail service day.

15. Assignment

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

16. Termination

If CONSULTANT defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONSULTANT. If CITY fails to pay CONSULTANT, CONSULTANT at its option may terminate this Agreement if the failure is not remedied by CITY within thirty (30) days from the date payment is due.

Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to CONSULTANT. In the event of such termination, CONSULTANT shall be compensated in proportion to the percentage of services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONSULTANT shall present CITY with any work product completed at that point in time.

17. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing signed by all parties.

18. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ATTEST:

CITY OF SUNNYVALE ("CITY")

By _____
City Clerk

By _____
City Manager

APPROVED AS TO FORM:

MATRIX CONSULTING GROUP
("CONSULTANT")

City Attorney

By _____

Name and Title

By _____

Name and Title

EXHIBIT "A"

SCOPE OF SERVICES

Project Overview

CONSULTANT shall conduct an Optimal Staffing Study for the Sunnyvale Department of PublicWorks (DPW). This study shall analyze the current staffing levels, operational practices, and assignments of the Department of Public Works, including the areas of water, sewer and storm drain operations; property management; trees and landscaping; fleet management; engineering; solid waste and recycling; traffic and transportation; street maintenance; street light maintenance; and Water Pollution Control Plant.

The goals of the study shall be to:

- Affirm the cost effectiveness of current staffing levels and configurations; or
- Explore alternative for an equal or higher level of service at a constant or reduced cost.

The analysis shall focus on:

- Organizational structure, including the division of labor and manager/supervisor span of control.
- Effectiveness of staffing levels in each division, including staff assignments, planned leave, worker's compensation leave, disability, workload, skill levels, training and cost-effective shift scheduling in applicable areas.
- Use of overtime.
- Evaluation of the call back system after hours.
- Benchmarks and other objective indicators of program effectiveness.

Project Work Plan

CONSULTANT shall perform the following tasks to accomplish the study goals:

Task 1. Develop an in-depth understanding of the key issues impacting and shaping Department of Public Works service requirements.

CONSULTANT shall conduct interviews with City Council members, the City Manager, and the Director of Public Works as well as DPW division managers. These interviews shall focus on exploring issues and attitudes in the following areas:

- Goals and objectives with regard to the deliver of services.
- Adequacy of management systems and the extent to which managers utilize this information to make meaningful managerial, operational, scheduling and staff allocation decisions;
- The outsourcing philosophy of the department and any steps taken to outsource services in recent years;
- Issues regarding the coordination of services with other department in the City and other local governments;
- Impacts of increasingly stringent regulations, such as regulations regarding drinking water quality, stormwater CMOM, GASB 34, etc.;

- The extent to which technology is effectively utilized, such as SCADA, to enhance staff efficiency; and
- The adequacy of service levels and perceived gaps in existing levels of service.

Based on the results of these initial interviews, CONSULTANT shall prepare a detailed project work plan for completion of the project.

Task 2. Develop a profile of departmental operations and services.

CONSULTANT shall develop a detailed description of DPW, including how services are delivered, staffed and managed and the costs associated with the delivery of its services. The development of this detailed description shall include conducting interviews with the Director of Public Works, division managers and first line supervisors. CONSULTANT shall also provide an opportunity for each employee of the department to meet with the project team and provide his or her perspective regarding the department.

CONSULTANT shall also collect and document the following data about the department:

- The current organization, including:
 - The structure and functions of each division;
 - Staffing levels of each division;
 - The basic job responsibilities for management, supervisory and operational staff;
 - The budgets for the current and two prior fiscal years at a level of detail showing the authorized budget for each division, including both costs and projected revenues by source.
- All key programs and operations, including:
 - Program scope and content;
 - How staff are scheduled and deployed;
 - Workload data;
 - Basic service levels; and
 - The extent of contracted services by type, size, cost and methods utilized to administer and manage each contract.
- Management systems available to support operations, including:
 - Financial reporting and budgeting systems;
 - Organizational business processes and procedures;
 - Use and capabilities of any maintenance management and program scheduling systems;
 - Systems employed to manage and control capital projects (scheduling, cost performance, staff loading and time utilization, performance/status compared to milestones), including examples of appropriate reports and documents related to systems employed;
 - Performance monitoring systems; and
 - Technology in use, such as SCADA, AutoCAD, GIS, etc.
- The infrastructure maintained, repaired and operated by the department. For example, for the maintenance of streets and pavement, CONSULTANT would document such data and processes as the following:

- Square feet of paved streets;
- Percentage of each pavement type replaced, reconstructed or resurfaced over the past five to ten years;
- Service level targets for the response to emergency repairs, potholes, shoulder and curb repairs, etc., and the degree to which these are measured and reported;
- Response times and routing for street sweeping as well as the costs and outsourcing philosophies for this services; and
- Targeted service levels for pavement markings and lane striping and the degree to which these are measured and reported.

Once these initial data collection activities have been completed, CONSULTANT shall prepare a summary descriptive profile that presents its understanding of the department's current organization, staffing, operations and costs. CONSULTANT shall circulate this profile among applicable CITY staff for comment to ensure the accuracy of its understanding. The profile shall then be presented to CITY's Project Steering Committee. Once completed and reviewed, the profile information will provide the basis for analysis conducted and completed in subsequent study tasks.

Task 3. Document Employee Attitudes.

CONSULTANT shall document and analyze DPW employee attitudes by:

- Preparing a confidential questionnaire to be distributed to all DPW employees. Questionnaire shall be structured in a manner that "fits" the unique characteristics of Sunnyvale and its Public Works Department, based on the interviews conducted under Tasks 1 and 2 above. Completed questionnaires shall be mail directly to CONSULTANT's office using pre-paid envelopes.
- Analyzing questionnaire results and differentiating among responses by field operation function and managers and supervisors versus line employees.
- Preparing a paper which summarizes questionnaire results.
- Reviewing questionnaire results with the Project Steering Committee.

Task 4. Compare the Public Works Department programs and practices to those of other cities and to "best management practices."

CONSULTANT shall work with the Project Steering Committee to select and refine a set of benchmark measures for use in evaluating service delivery in Sunnyvale in comparison to other cities. These could include measures regarding services delivered by contract, productivity, service levels, expenditures, staffing levels by function, the extent of inventory maintained by the City, such as centerline miles of streets, etc. Once these measures have been selected, CONSULTANT, in consultation with the Project Steering Committee, shall select at least three cities of comparable population, service provision, etc., for comparative purposes. Following data collection from the selected cities, CONSULTANT shall identify findings and conclusions drawn from comparing Sunnyvale with the selected cities.

CONSULTANT shall also evaluate DPW in the context of best management practices in areas, such as management and strategic planning, human resource management, safety, street maintenance, asset management, etc. Benchmarks shall be selected by CONSULTANT through its accumulated knowledge and experience with efficient and effective organizations across the country as well as through accepted industry standards from such organizations as APWa, AWWA, AMSA, etc.

Once the results have been completely analyzed, CONSULTANT shall utilize them as a component in the definition of a detailed issue list, highlighting potential issues and improvement opportunities related to department organization and operations.

Task 5. Evaluate DPW staffing, work practices and service levels.

CONSULTANT shall analyze the staffing, work practices and service levels with DPW. Examples of the types of analytical activities CONSULTANT would perform are portrayed below.

- Evaluate the levels of service delivered. – This analysis would focus on profiling the levels of service and assessing their adequacy. Examples of the types and levels of service include:
 - Catch basins are cleaned annually.
 - Traffic signal heads and control cabinets are preventively maintained once a year, including cleaning lens and reflectors, checking head alignment, performing input/output testing, checking detectors, testing conflict monitors, etc.
 - Street centerlines are painted once annually.
 - Potholes are patched within one workday of receipt of complaint;
 - Sidewalks are inspected on a 3- to 5-year cycle to identify tripping hazards; and
 - Street sweeping service is provided for residential streets once a month and for the downtown and major commercial areas once a week.
- Evaluate the adequacy of major work practices. – This analysis would focus on the identification of opportunities to streamline work practices to increase productivity and/or enhance service level effectiveness. This would include the use of overtime and call back procedures and practices. Examples of this analysis include:
 - Document and analyze crew sizes to assure they are appropriate to the type and volume of work performed.
 - Document and analyze work practices to assess whether these practices could be altered to reduce workload. For example, has DPW converted its traffic signal lamps to LED to reduce utility costs? How frequently are the lamps changed out?
 - Document and analyze the extent of underutilized equipment that could be eliminated. For example, are there underutilized vehicles in the fleet that could be eliminated?
- Evaluate work planning and scheduling. – This analysis would focus on systems and processes used to plan and schedule work. It also would evaluate the overall maintenance management program employed to support field operations, including maintenance frequencies, maintenance standards, staff assignments to maintenance tasks, and systems and procedures employed to monitor performance of both scheduled and unscheduled maintenance programs.
- Evaluate productivity and staffing levels against work output guidelines. – Using guidelines it has developed over the years, CONSULTANT would base this analysis on industry standards and its experience in actual work measurement of field maintenance activities.

- Evaluate the adequacy of asset management by DPW. – In the evaluation of the adequacy with which the department manages a significant and expensive infrastructure, such as streets and the City’s water and wastewater assets, CONSULTANT would analyze the preventive maintenance and renewal of these assets. For example,
 - What is the pavement condition index (PCI) of the City’s street system?
 - Is the City effectively utilizing a mix of preventive maintenance strategies for its street system, such as slurry seal, micro-surfacing, etc.?
 - Are the levels of funding for preventive maintenance sufficient to maintain an appropriate PCI?
 - Is street maintenance utilizing effective preventive maintenance practices, such as crack sealing?
 - Does the department utilize effective utility cut practices?

The result of this task shall be documented in a major progress report that is submitted for review and discussion by City’s Project Steering Committee. The review shall focus on findings related to improvement opportunities and proposed adjustments in staffing and operations. Based on the results of the progress report review, CONSULTANT shall conduct additional analysis, as necessary, to refine findings, conclusions and recommendations.

Task 6. Evaluate the Plan of Organization for DPW.

CONSULTANT shall evaluate the plan of organization using a number of principles, including:

- Does the organizational structure foster accountability?
- Is the organizational structure too tiered or too flat? Do the number of layers of management and supervisors result in a tall, narrow organizational structure?
- Are divisions and sections placed too high or too low in regard to their importance?
- Are spans of control too broad or too limited?
- Is the plan of management organization providing adequate communication/coordination to minimize the number of handoffs/exchanges required among the divisions providing service to the public? Does the structure enhance shared knowledge and understanding among divisions?
- Do the divisions and sections distribute/share workload across divisions to maximize staff productivity through peaks and valleys and offer cross-functional capabilities (e.g. to balance workload of maintenance staff across street maintenance, water distribution system maintenance, etc.).
- Is the plan of organization enhancing career development opportunities, training, and recruitment and retention?
- Is there sufficient support for the Director of Public Works to enhance his managerial effectiveness?
- Does the plan of organization minimize administrative overhead?
- Does the plan of organization foster the standardization of processes to enhance the efficiency and customer responsiveness of services (e.g. response to customer complaints)?
- Does the plan of organization enable DPW staff to provide better service to the public in terms of cycle times, user friendliness, performance management, quality control, and consistency in the application of policies and procedures?
- Are management and supervisory personnel spending their time on high priority work? Are management and supervisory personnel properly utilized?

CONSULTANT shall evaluate this information on its own merits and shall compare this Sunnyvale information with information drawn from similarly-sized communities with operations of comparable scope.

Based on the answers to the questions listed above, CONSULTANT shall develop preliminary alternative plans of organization and management staffing which shall be reviewed with City's Project Steering Committee. This review will provide the basis for CONSULTANT's final analysis of organizational alternatives.

Task 7. Prepare a draft and final report and provide plans for implementing improvement opportunities.

Upon completion of Tasks 1 through 6, CONSULTANT shall document its findings, conclusions and recommendations in the form of a detailed management, staffing and operations plan for DPW. This plan shall consist of:

- An executive summary of all key findings and recommendations.
- A detailed analysis of operations, service levels, asset management and staffing needs.
- Detailed recommendations for improving the efficiency and effectiveness of all components of operations. Recommendations shall include cost and savings or cost avoidance impacts of implementation.
- Detailed plans for implementing all recommended changes, including work steps necessary to implement, responsibilities and timing.

Once City's Project Steering Committee has reviewed the draft report and modifications, if required, have been completed, CONSULTANT shall prepare a final report for submittal to City's Project Steering Committee. Upon request, CONSULTANT shall present the final report to the Sunnyvale City Council.

EXHIBIT "B"
INSURANCE REQUIREMENTS

CONSULTANT shall obtain, at its own expense and from an admitted insurer authorized to operate in California, the insurance coverage detailed below and shall submit Certificate(s) of Insurance to the City of Sunnyvale, Purchasing Division, 650 West Olive Ave, PO Box 3707, Sunnyvale, CA 94088-3707; fax (408) 730-7710.

CONSULTANT shall take out and maintain during the life of the contract **Workers' Compensation and Employer's Liability Insurance** for its employees. The amount of insurance shall not be less than \$1,000,000 per accident for bodily injury or disease.

CONSULTANT shall take out and maintain during the life of the contract such **Commercial General Liability Insurance** as shall protect CONSULTANT, CITY, its officials, officers, directors, employees and agents from claims which may arise from services performed under the contract, whether such services are performed by CONSULTANT, by CITY, its officials, officers, directors, employees or agents or by anyone directly or indirectly employed by either. The amount of insurance shall not be less than the following: Single Limit Coverage Applying to Bodily and Personal Injury Liability and Property Damage: \$1,000,000.

The liability insurance shall include, but shall not be limited to:

- Protection against claims arising from bodily and personal injury and damage to property, resulting from CONSULTANT's or CITY's operations and use of owned or non-owned vehicles.
- Coverage on an "occurrence" basis.
- Broad form property damage liability. Deductible shall not exceed \$5000 without prior written approval of CITY.
- Notice of cancellation to CITY's Purchasing Division at least thirty (30) days prior to the cancellation effective date.

The following endorsements shall be attached to the liability insurance policy, and copies shall be submitted with the Certificate(s) of Insurance:

- The policy must cover complete contractual liability. Exclusions of contractual liability as to bodily injuries, personal injuries and property damage must be eliminated.
- CITY must be named as additional named insured with respect to the services being performed under the contract. *Simply indicating on the certificate that the certificate holder is named as additional insured is not acceptable; an endorsement must be provided.*
- The coverage shall be primary insurance so that no other insurance effected by CITY will be called upon to contribute to a loss under this coverage.